

AR08


Serving Canadian motorists
with the finest products
at lowest prices
through over 100 dealers
and one-stop service centers



ANNUAL REPORT

for the year ending

1967



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President's Report to the Shareholders

Each year at the annual meeting we review the work of our corporation for the past year. At this time I believe it proper to take a broader look at the record of our company and the progress made during the past year, as well as a brief summary of the current year to the end of April. This represents five months of our fiscal year.

The parts distribution industry and the automotive chain store field are continuing to show many changes. However, I believe we can say that we are keeping up with the times and that our company is showing definite signs of improvement.

Your company had a year of record sales and although we expected a somewhat higher profit picture, our net profit, after taxes, for this past year is a step in the right direction. Even though we have gone through an inflationary period in our economy that has caused an increase in overhead and of course wages, I feel that continued improvement can be

achieved with better efficiency and continued increases in our sales.

Last year at this time I reported that our Lindsay, Ontario store, which was formerly a company-operated unit, had been sold to private parties who would operate it as a franchised unit. I am pleased to report that after a full year of operation our dealer shows a profitable year and the prospect of continued improvement. Although the development of this project took longer than we anticipated, it is now beginning to bear fruit. We are continuing operation of our two company stores in the Toronto area, both of which are progressing with a steady increase in sales and are beginning to add to our profit picture. I believe that if the present trend continues we can look forward to acquiring or opening new stores in the Toronto area.

We have recently added some new franchise dealers to the chain and are now negotiating with a number of very prom-



ising-looking prospects to add to our franchise total. It is interesting to note that many of our dealers are planning improvements to their premises and merchandising programs. This should increase our sales and profits.

I repeat, if the present trend continues in our sales and profit picture, I expect that the report for 1968 will again show an improvement worthy of your confidence. An interesting item that I wish to point out is that although we had a substantial increase in sales, our inventory for the twelve-month period was reduced by over \$45,000; a fact which improved our working capital position and indicates an increase in efficiency which resulted in a greater turnover with a smaller inventory.

Financial Statement – Annual Meeting

Audited financial statement for the year ended November 30, 1967 is submitted herewith. The Annual Meeting of shareholders will be held in Toronto on Friday, May 31, 1968 at the time and place shown on the accompanying Notice of Meeting. For those shareholders unable to attend, a proxy form is enclosed by which you may exercise your voting privilege. An addressed envelope is also provided for the return of this proxy.

Once again I wish to express my appreciation for the continued support that I find among the shareholders. Your company is progressing favourably and I can assure you that every effort is and will be made to warrant your continued confidence.

On behalf of the Board of Directors,

MARTIN WINTER,

President

May 12, 1968

MOTORCADE STORES LIMITED

BALANCE SHEET AS AT NOVEMBER 30th, 1967

ASSETS

CURRENT ASSETS

	1967	1966
Cash on Hand and in Bank	\$ 7,530	\$ 7,100
Accounts Receivable, less allowance for Doubtful Accounts	203,304	180,065
Inventory, at lower of cost or market	275,409	320,910
Mortgage Installments due within one year	4,860	3,720
Prepaid Expenses and Sundry Assets	8,485	8,634
	<u>499,588</u>	<u>520,429</u>

MORTGAGES RECEIVABLE

	71,648	75,715
Less: Installments due within one year	4,860	3,720
	<u>66,788</u>	<u>71,995</u>

FIXED ASSETS — at cost

	178,630	190,404
Less: Accumulated Depreciation	61,693	64,177
	<u>116,937</u>	<u>126,227</u>

GOODWILL

	100,000	100,000
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Total Assets	<u>\$ 783,313</u>	<u>\$ 818,651</u>
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LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Accounts Payable and Sundry Liabilities	\$ 243,235	\$ 284,693
Bank Loan	61,500	59,422
	<u>304,735</u>	<u>344,115</u>

DEFERRED LIABILITIES

Mortgages Payable	14,548	16,650
Industrial Development Bank	33,600	43,200
	<u>48,148</u>	<u>59,850</u>

CAPITAL STOCK AND SURPLUS CAPITAL STOCK

Authorized	Issued		
1,000,000	500,000 Common Shares @ N.P.V.	248,300	248,300
Earned Surplus		82,130	66,386
Appraisal Surplus		100,000	100,000
		<u>430,430</u>	<u>414,686</u>

Total Liabilities and Capital	<u>\$ 783,313</u>	<u>\$ 818,651</u>
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Approved on behalf of the Board

Director

Director

Martin Hunter
Sarah E. Sykes

MOTORCADE STORES LIMITED

OPERATING STATEMENT FOR YEAR ENDED NOVEMBER 30, 1967

	1967	1966
Gross Profit on Sales and Sundry Income	\$ 426,416	\$ 423,383
EXPENDITURES — Selling, Administrative and Financial	400,099	410,026
Profit before Depreciation	26,317	13,357
Capital Cost Allowance	7,233	13,104
Net Profit before Income Taxes	19,084	253
Provision for Federal and Provincial Income Taxes	4,389	132
Net Profit	<u>\$ 14,695</u>	<u>\$ 121</u>

Schedule No. 3

STATEMENT OF SURPLUS FOR YEAR ENDED NOVEMBER 30, 1967

	1967	1966
Balance at Beginning of Period	\$ 66,386	\$ 87,391
Add: Net Profit for Period	14,695	121
Cash Surrender Value of Insurance Policy on Life of Director	1,600	—
	82,681	87,512
Less: Sundry Adjustments	551	550
Write-Off Organization Expense	—	16,400
Loss on Shares and Bonds	—	1,550
Income Tax Assessment — Provincial	—	2,626
	551	21,126
Balance, November 30th	<u>\$ 82,130</u>	<u>\$ 66,386</u>

AUDITOR'S REPORT

The Shareholders,

February 19th, 1968

Motorcade Stores Limited

We have made an examination of your books and accounts for the year ended November 30th, 1967, and have prepared and submit herewith Financial Statements for the period under review.

1. Balance Sheet as at November 30th, 1967;
2. Operating Statement for year ended November 30th, 1967;
3. Statement of Surplus for year ended November 30th, 1967.

Our preparation entailed a general survey of the account-

ing procedures, and such tests of accounting records and other supporting evidence as we considered necessary under the circumstances.

In our opinion, the accompanying Balance Sheet and Statements of Profit and Loss and Surplus, present fairly the financial position of your Company as at November 30th, 1967, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

KAY, COLE & COMPANY

Chartered Accountants

Refer: M. Cole

DIRECTORS AND OFFICERS

President Martin Winter

Secretary-Treasurer Sarah E. Sykes

TRANSFER AGENT AND REGISTRAR

The Canada Trust Company
33 Adelaide Street West
Toronto, Ontario

